the facilities were not operational at the time responses were filed with the FCC. Accordingly, the following analysis is based on the entire universe of 78 LMAs.

As the chart below demonstrates, approximately 83% of the responding local marketing agreements were found outside the top 25 markets. In fact, half (51%) of the LMAs can be found in markets 25 to 75. Indeed, nearly a quarter of the LMAs (21%) are located in the smallest 100+ markets.

As the data presented below demonstrate, local marketing agreements or local combinations are critical to the growth of the video and television marketplace in small and medium markets. In these markets, individual stations simply cannot survive economically. Absent the LMA agreement, there would be one less free over-the-air voice in the marketplace. As we will discuss, *infra*, this can have a significant impact on local competition and the development of new, competitive over-the-air television networks.

LMAs By Market Size

Market Size	Number of LMAs	Percentage of All LMAs
1- 25	13	17%
26-50	23	29%
51-75	17	22%
76-100	8	10%
101 - 125	8	10%
125 - 150	3	4%
151 - 175	2	2%
176-200+	4	5%
Total	**78**	

In many small and medium-sized markets, the efficiencies associated with local marketing agreements are the direct cause for an additional over-the-air voice to the market. These arrangements have also been responsible for strengthening financially distressed facilities and permitting stations to extend coverage to unserved areas of the market. The same appears to be the case in the larger markets as well. Stations which heretofore were not operational or provided a minimum of service to the public improved dramatically when part of a local marketing agreement.

B. Financial Considerations

Our previous survey demonstrated that 77.1% of the responses indicated that the brokered station was either bankrupt or failing financially prior to entering into the local marketing agreement. After the local marketing agreement's inception, only 4% of the survey respondents remained in this financial distress.

Unfortunately, the Commission did not ask for specific information regarding the financial condition of the station being brokered. Nonetheless, 40 of the 68 operational LMAs (59%) indicated that the brokered station was in some form of financial hardship.[6] Absent a specific instruction, it is entirely possible that brokered LMA stations with financial problems would have addressed this issue.[7]

Those that did respond to a prior financial condition were fairly specific. For example, KDFI (Dallas, TX), WABM (Birmingham, AL), and WACY (Green Bay/Appleton, WI) were in bankruptcy. Others such as WUXP (Nashville, TN) were in default of their loans and could not keep current with their operating expenses. WTEV (Jacksonville, FL) had "failed." WLMT (Memphis, TN) was losing money. WUPN (Greensboro, NC) was suffering from "financial" problems. KTFO (Tulsa, OK) was losing a million a year and off the air. WJTC (Mobile, AL, and Pensacola, FL) was also off the air. KTTU (Tucson, AZ) was in "serious financial trouble." KFXB had a history of failure prior to entering into its LMA. WLOV (Columbus, MS) was losing money and would have gone dark. KION (Monterey/Salinas, CA) was in financial trouble and near bankruptcy. In Victoria, Texas, (DMA market No. 206), the station was near foreclosure. WBNE (Hartford, CT) remained unbuilt for over 40 years. The construction permit for KWAJ (Wichita, KS) would still be "frozen" but for the local marketing agreement. KHMT (Billings, MT) was dark for two years. WGBC (Meredian, MS) was off the air.

Obviously, stations that are in financial distress are unable to provide top quality service to their markets. This is true even if a station is not in bankruptcy *per se.* For example, KXTX (Dallas, TX) was stuck in a vicious spiral of increased programming costs and declining revenues. The result was that it cut back on its news programming, a situation that was remedied by entering into the local marketing agreement with KXAS. The same situation existed for

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[6]This figure does not include "new" stations that lack a financial history. It may be assumed, however, that financial considerations were the primary factor for these stations not being on the air in the first place. Absent the LMA, these stations would not be operational or in the process of being constructed.

[7]For example, KREM/KSKN (Spokane) did not specifically mention an extreme financial hardship in its response. The stations did note that KSKN was affiliated with the home shopping network. Given its status in the market, it is reasonable to assume that it lacked the finances to begin general operations or commence news operations.

WAUB and WOIO, (Cleveland, OH) where new programming increased after the stations entered into an LMA.

In sum, the responses to the FCC's *Public Notice* corroborate ALTV's previous conclusion. Local marketing agreements have increased the number of free, over-the-air voices in local television markets by harnessing local market efficiencies. This pro-diversity result can be seen in large, medium, and small television markets.

C. Development of Emerging Networks

Again the responses to the FCC's *Public Notice* confirm our previous conclusion that local marketing agreements are critical to the development of free, over-the-air networks in local television markets. Absent these LMAs, new and emerging networks would lose access to over-the-air outlets in a number of markets.

For years, the FCC worked to create an industrial structure that would promote additional off-air television networks. Despite several attempts, it was not until the late 1980s, that a fourth over-the-air network emerged. The Fox network was able to roll-out because there was a ready supply of financially viable affiliates, especially UHF affiliates. It took years, however, for these stations to gain an economic foothold in the marketplace even though competition from cable was in its infancy and competition from other multi-channel sources nonexistent. Today, the competitive environment is much tougher. The key lesson learned from this experience is that a solid local station affiliate base is critical to the development of a new network. National networks, by themselves, do not provide a sufficient incentive to stimulate new station construction or the resurrection of financially troubled facilities. The reverse is true-- new networks need financially stable affiliates in order to grow and become competitive.

Further evidence for this can be found in many medium and small markets today. The existence of four strong national networks and two new emerging networks has not guaranteed that additional off-air television stations would be built in these markets. The number of "shared" affiliations demonstrates that a network service, by itself, does not necessarily provide the economic base to build and operate an additional television voice in the market. If it did, then we would not see shared affiliations in small markets. Moreover, the new networks, such as WB and PaxNet, have found it necessary to rely on cable carriage in order to extend the network's reach in smaller markets.

To the contrary, in today's economic climate the harnessing of local efficiencies through local marketing agreements appears to be a necessary component in creating additional financially stable voices in the marketplace. This in turn has a direct benefit on the new, emerging, off-air television networks by providing them with viable outlets in local markets.

In short, if there is no viable station available, the new emerging networks will either 1) rely on cable, a pay medium, rather than build a local station from the ground up, 2) import a network signal or feed from a distant source via satellite, or 3) seek a dual affiliation to reach audiences. In the first two instances, consumers are forced to subscribe to cable or DBS in order to access programming on new networks. While dual affiliations keep both network feeds on free television, consumers in these markets are unable to access the full network schedules, in real time. The most pro-consumer result would be the creation of new, over-the-air television stations in smaller markets. This would make new networks available without resorting to pay services, and would also permit consumers to see all of the networks' programming.

The chart below demonstrates the importance of local marketing agreements to the rollout of new, competitive, off-air television networks. Approximately 55% of the *brokered* LMA stations are affiliated with the new UPN or WB networks.[8]

Brokered Stations By Network Affiliation		
Network	**Percent of LMAs**	**No. Of Stations**
UPN	37	29
WB	18	14
FOX	10	13
Independent	10	13
ABC	9	7
CBS	1	1
NBC	1	1
Other (Spanish/CP)	4.6	3

To further illustrate the point, UPN has approximately 150 affiliates[9]. The 29 LMA related affiliates account for 19.3% of all UPN affiliates. The same is true for WB, where the 14 brokered LMA related affiliates account for 16% of all WB affiliates. These figures may actually underestimate the importance of local marketing agreements to new networks because in some instances the brokering station is affiliated with either the UPN or WB network. No doubt these brokering stations are not the strongest in the market and the efficiencies from the local

[8]Note the total number of brokered LMA affiliates will be greater than 78 due to some dual affiliations in small markets.

[9]*1997 Television & Cable Factbook* at G58

marketing agreement helped both stations. Thus, the efficiencies from the local marketing agreement may be even more important to the emerging networks' ability to access local markets.

The tough policy question for the FCC is whether these stations can survive if their LMAs are terminated. History has demonstrated that the stations involved in these LMAs are usually in financial distress. The mere existence of a new network affiliation is unlikely to keep a station afloat. To the contrary, absent the efficiencies from local market combinations these affiliates could hurt the development and rollout of these networks.

The ramifications of this policy will be felt not only in the respective local markets, but also at the national level. During the initial rollout of a network, programming aired during non-network hours is critical. Non-network programming provides the important lead-in audience for the emerging network prime time audience. With local marketing agreements in place, these new affiliates are in a position to afford higher quality programming. This in turn helps create a viable lead-in audience for the new network. This not only benefits diversity and competition in local markets, but also fosters these objectives at the national network level.

It is worth noting that the LMAs involving the major networks, (ABC, CBS, NBC and Fox) are primarily extended coverage LMAs. In these cases, the local affiliate is unable to deliver a signal throughout its DMA market. The LMA provides over-the-air coverage to heretofore unserved areas.

D. Independents and New Networks

Apart from assisting the deployment of the WB and UPN networks, the LMAs in the larger markets appear to be enhancing diversity by giving new life to independent television stations. In the larger markets, there are already a sufficient number of stations to serve as outlets for the new networks. By harnessing local efficiencies, however, the LMAs in the largest markets create an economic environment that will help foster even newer networks such as Pax Net.

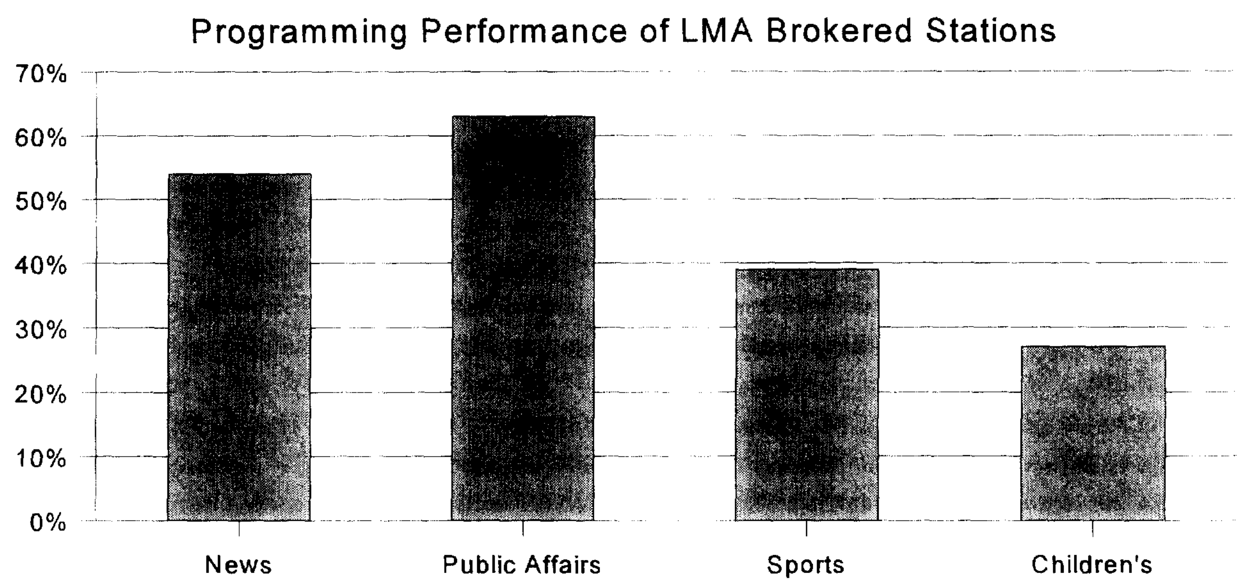
Alternatively, creating a new class of viable independent stations is clearly in the public interest. These stations serve as an important outlet for non-network programming, which helps independent producers gain access to audiences in these markets. Moreover, because of the programming flexibility, these stations are able to broadcast local sporting events without risking network preemption problems.

Local market combinations also create an economic climate to produce and broadcast local programming. For example, larger stations with news departments have produced a second local newscast or used its facilities to create new local public affairs programs. As the programming performance data presented below indicate, local marketing agreement have increased the amount of such programming.

Finally, and perhaps most importantly, the finances associated with being part of an LMA help these stations shift to a general audience program format. In many instances, these stations were running infomericals full time or were "shopping" stations. The LMA has given these stations a chance to afford quality general audience programming. In short, it has helped the station become a meaningful voice in the local market.

E. Programming Performance

In our initial report, ALTV observed that local marketing agreements result in improved service to the public. Our results confirmed Congress's observation that local marketing



agreements served the public interest. The responses to the FCC's *Public Notice* corroborate these previous conclusions. The following chart outlines the programming performance of the approximately 68 operational "brokered" stations who responded to the FCC's *Public Notice*. It analyzes the number of brokered LMA stations (as a percentage of all responding LMA stations) by program category.

News Programming: Commencing a news operations is perhaps the largest single expense for local television stations. Start-up costs for news operations can run into the tens of millions of dollars per station. As a result, it can takes years before a station has the economic base to begin a local newscast.

As the above chart indicates, approximately 54 percent of the brokered stations responding to the FCC's inquiry indicated they were broadcasting (45%) or planned to broadcast (5.7%) a news program. This is truly a remarkable achievement considering the economic condition of these stations. Many of these facilities are just a year or two from being in financial distress. In most instances, the brokered stations introduced an additional news program into the market. In other cases, the station expanded on existing news operations. Absent the local marketing agreements there is no way these stations would be in an economic position to provide an additional newscast to their communities.

In most instances, the LMAs are not simply duplicating the newscasts of the brokering station on the brokered station. For example, WNUV (Baltimore, MD) offered a new 6:30 PM newscast. WOTV (Grand Rapids, MI) broadcasts news at 6 p.m. and 11 p.m. WUAB and WOIO use separate news formats, which increases the number of news hours broadcast daily by 1.5 hours. In many cases, the brokered stations are also offering the benefits of time diversity. For example, WRAZ (Raleigh, NC), WWHO (Columbus, OH), WLWC (Providence, RI), WLYH (Harrisburg. PA), WWMB (Florence-Myrtle Beach, SC), and WFXP-TV (Erie, PA) are just a few of the stations offering a new 10 p.m. news cast. Other stations such as WJTC-TV (Mobile, AL), KFVE (Honolulu, HI) offer a 9 p.m. newscast. In some instances, e.g. WFGX (Mobile, AL), this will be the first local news specifically designed for the community. In other cases, the newscasts are geared specifically for minority groups in the community.

Public Affairs Programs: LMAs have also led to a significant increase in public affairs programs and related charitable activities. Almost every station responding to the FCC's *Public Notice* indicated an increase in charitable and community work. This is especially the case in the area of charitable telethons. For example, KASN (Little Rock, AR) and WVBT (Norfolk, VA) were key sponsors of the United Negro College Fund's Telethon. These activities usually included direct work in the community as well as PSA campaigns, telethons and consumer reports. In some cases, it took the form of free time for political candidates.

In addition, over 60 percent of the responding operational stations indicated they have increased their public affairs programs. In many cases, these half-hour shows focus on a particular minority group in the community. In other cases, the public affairs program focuses on the needs of a specific community. WNUV (Baltimore, MD) gears its public affairs programming specifically for the minority community. KNVA (Austin, TX) provides public affairs programs for the Hispanic community. Other stations, such as WBNE (Hartford, CT) have provided free political time to candidates. KQCA (Sacramento, CA) produces *Focus*, a weekly public affairs program which addresses the needs of that community. In the Tyler, Texas market, KLSB-TV broadcasts a public affairs program designed to address issues in Nacogdoches. This community had no specific programming directed toward it prior to the LMA. Brokered station WACY is the only television station serving Appleton, Wisconsin. Similarly, in Mississippi WLOV broadcasts a public affairs specifically directed at the West Point community.

Sports: Several years ago the Commission examined the issue of sports migrating from free, over-the-air television to pay subscription services. While the FCC expressed some concern about the potential for preclusive contracts in college football, it declined to adopt specific anti-siphoning rules. Today, not only are sports leaving free, over-the-air television at an increasing rate, but even the cable industry is beginning to decry ever-increasing costs of securing sporting events for television. A recent story in *Broadcasting and Cable* magazine points out that, at least with respect to local baseball broadcasts, games are moving from free television towards pay cable services. Indeed, one of the major issues in the cable rate debate is the increased cable fees associated with passing on the costs of sports rights.

While many focus on the high costs of national rights, the costs of securing local broadcasting rights to major league baseball, NBA basketball, NHL hockey, college football and college basketball are escalating as well. The battle for local sports rights usually pits a regional sports subscription (or basic) channel against local television stations. Unfortunately, the local stations with the economic resources to bid for these rights have commitments with the major television networks. As a result, they do not have the "shelf space" to broadcast many of these local games. Alternatively, smaller television stations have the shelf space, but lack the financial resources to compete against the regional sports cable networks. As a result, regional cable sports channels continue to acquire local sports rights and pass these costs on to cable consumers.

One way to keep sports related subscriber fees down is to create an economic environment where sporting events can be financed and broadcast on free, over-the-air television. One approach, previously rejected by the Commission, would be to adopt some form of anti-siphoning rule. The more appealing alternative is to permit the broadcast industry to harness the economic efficiencies of the free, over-the-air system.

This is precisely what LMAs have achieved. As the chart presented above indicates, almost 40% of the brokered stations responding to the FCC's *Public Notice* reported broadcasting local sporting events. For example, KXTX (Dallas, TX) was able to broadcast more than 90 Texas Rangers games. In Sacramento, KQCA broadcast the San Francisco Giants and Oakland Athletics. With the help of the LMA, WPTT in Pittsburgh was able to air both the Pirates and the NHL's Penguins. KCWB broadcast the Kansas City Royals. WWHO (Columbus, OH) was able to present the NBA's Cleveland Cavaliers.

The benefits are not limited to professional sports. WABM (Birmingham, AL) was able to broadcast the University of Alabama games. WLWC (Providence, RI) was able to get the rights to Big East football and basketball. WLMT (Memphis, TN) aired the University of Memphis games. KTTU (Tucson, AZ) broadcast University of Arizona football.

Broadcasting sporting events is a major accomplishment. It runs counter to the overall trend which sees local sports programming leaving free, over-the-air television. LMAs permit large network affiliated stations with the financial resources to bid for local sports rights. These stations will broadcast several of these games on their stations. The vast majority of the games, however, will be broadcast on the brokered station, which has more flexibility in its scheduling. There is absolutely no way the brokered stations would be able to afford these sports rights absent the LMA arrangement.

F. Technical Improvements

Approximately 40% of the responding LMAs indicated that the brokering station had invested heavily in new technical equipment for the brokered station. This directly addresses the FCC's diversity concerns. In its desire to promote additional voices in a market, the new voice must have the technical ability to be received. In many cases, however, the brokered stations lacked the financial resources as well as the technical ability to be heard in the market.

There are numerous examples of stations providing significant technical help to the brokered station. KXAS had its facilities significantly upgraded, expanding its overall reach by 8.6%. WWHO's (Colombus, OH) technical facilities were in disrepair and off the air on a weekly basis. The LMA helped rebuild the stations technical facilities. WFVT (Charlotte, NC) was able to go on the air because of its ability to share a tower with WJZY. WOTV (Grand Rapids, MI) was able to improve its newsroom facilities and get a new ENG truck. WVBT (Norfolk, VA) increased its transmitter power. WLYH (Harrisburg, PA) received a $1.5 million technical overhaul. KLRT (Little Rock, AR) invested over $400 thousand in new equipment for KASN. WFXP in (Erie, PA) received over $750 thousand in new equipment due to its LMA with WICU. These are just a few of the examples of the improved service which has resulted from technical improvements directly related to LMA arrangements in local markets.

The technical improvements in physical plant and equipment are critically important as these stations attempt to transition from analog to digital television service. In most instances, the brokered stations lack the financial resources to make the transition. Entering into a local marketing agreement can help as station afford the shift to digital. At the very least it will expedite the transition.

G. Minority Ownership

Throughout the years the FCC has championed minority ownership in broadcasting. According to recent statements by several Commissioners, these concerns still exist today. It is interesting to note, therefore that a significant number of the brokered stations responding to the FCC's *Public Notice* are minority owned.

For example, Glencairn Ltd. is a minority owned company with seven television stations; WABM (Birmingham, AL), WNUV (Baltimore, MD), WVTV (Milwaukee, WI), WPGH Pittsburgh, PA), KRRT (San Antonio, TX) and WFBC (Ashville, NC). In fact, Glencairn has the largest portfolio of minority owned television stations in the country. The most important element to grasp is that the local marketing agreement gave Glencairn the financial stability to improve its overall programming service. Absent the local marketing agreement, it is uncertain whether Glencairn would have the financial backing to operate these facilities. In many respects, the local marketing agreement has worked as an incubator for the development of minority owned stations.

This is not the only example of a local marketing agreement facilitating minority ownership. In Billings, Montana, the local marketing agreement made it possible for KHMT-TV (Ch. 4) to be owned and operated by perhaps the only 100% Native American full powered TV licensee in the nation. Similarly, the arrangements between KAME, KRXI (Reno, NV) and KTVU (San Francisco, CA) led to the construction of KRXI-TV, which is licensed to Nevada Television Corporation, a minority controlled company. Local marketing agreements have also helped minority owned stations in Atlanta (WNCM), Cleveland (WOAC), West Palm (WVTX), and Orlando (WZWY) get on the air. There can be no doubt that these arrangements have helped increase diversity of ownership.

H. Employment

There is no doubt that local market combinations are able to harness the efficiencies of combined operations. Greater efficiencies, however, do not translate into fewer employment opportunities in broadcasting. To the contrary, creating more competitive stations actually enhances job opportunities. For example, when WOIO and WUAB in Cleveland entered into a local marketing agreement, news programming on WOIO and WUAB expanded. The competitive posture of WUAB also improved. This LMA created over 51 new jobs. This is not an isolated example. In Syracuse, the local marketing agreement improved the economic conditions at WNYS and WSYT, creating over 20 new jobs. The local marketing agreement between WZVN and WBBH in the Ft. Myers -Naples, Florida market increased employment from 138 to 190 -- a 38 percent increase. In the Tyler, Texas market (No. 108), the LMA between KETK and KLSB saved 16 jobs in a small market. Jobs were also saved in the Mobile-Pensacola market with the LMA between WPMI and WJTC. Similarly, the LMA between KRXI and KAME (Reno, NV) increased employment. The LMA between KSBF and WDKA in the Paducah market (No. 79) created a dozen new jobs. Employment opportunities increased in Raleigh, NC with the local marketing agreement between WRAL and WRAZ. As these examples point out, creating more competitive local television stations will help employment in local television markets. This is especially true in those cases where the local combination has led to the construction of a new broadcast facility.

I. Lost Investment: Forced Divestiture

The cases studies presented below detail an investment of billions of dollars in local marketing agreements. This investment includes technical support, equipment, towers, transmitters, studios, real estate, buildings, staffing and of course programming. As the FCC knows, programming costs have skyrocketed and station must purchase programs several years in advance of their actual broadcast. This is especially true with respect to off-network programs.

As Congress observed in 1996, local marketing agreements have served the public interest. In monetary terms, the billions invested through local marketing agreements has revitalized stations in markets across the nation. It has added free, over-the-air television voices, improved programming service and provided more choices to American consumers.

The FCC must consider the consequences of forcing the termination of these arrangements. It is likely that the benefits outlined below will be lost. Most, if not all of the brokered stations, were marginal operations prior to entering into the local marketing agreement. There is little or no evidence to demonstrate that these stations will continue their present level of performance in the absence of the local marketing agreement. On the contrary, it is likely that these facilities will revert back to their marginal status. Such a result would be devastating to consumers in these markets and contrary to the public interest.

Finally, in many cases the FCC has approved the licenses and/transfers involving these facilities. It most certainly has not prohibited these arrangements. It would therefore be unconscionable for the FCC to now force these stations to terminate these local marketing agreements. Moreover, it sends precisely the wrong signal to companies that plan to make future investments in broadcast television.

III. LMA PUBLIC INTEREST BENEFITS: CASE STUDIES

The following summarizes the public interest showings of the local marketing arrangements that responded to the FCC's survey. Time brokerage arrangements not involving two *local* stations were not included. Also, LMAs used simply as a short term mechanism during the assignment and transfer process have not been reported.

As noted in previous comments, local marketing arrangements provide valuable insight into the potential for local market combinations. In every instance, service to the community has improved. This is significant evidence that not only justifies the need for permanently grandfathering these combinations, but also for relaxing the duopoly rule.

The local marketing agreements listed below have been arranged by market size with the largest markets listed first. The brokering station is listed first in each entry. The brokered station appears in *italics.*

Dallas, Fort-Worth, TX
DMA Market No. 8

KXAS-TV, Ch. 5 (NBC)
KXTX-TV, Ch. 39 (Ind)

Apart from helping financially troubled stations and expanding local programming, LMAs can better position the broadcast industry as a whole to compete with cable, DBS and other multichannel video programmers. In no market is this more apparent than Dallas-Ft. Worth, Texas (the 8th ranked DMA), where the turnaround of a failing independent station - made possible through an LMA -- has contributed to growth in the local broadcast market and one of the lowest cable penetration rates in the country.

The Dallas-Ft. Worth market has twelve full-power commercial television stations, and is one of the most highly served and competitive broadcast television markets in the country. Operated as an independent station by the for-profit subsidiary of a nonprofit entity, KXTX-TV was caught in a vicious spiral of rising programming costs and declining advertising revenues. By 1994, KXTX's debt had made it impossible for the station to provide the level of local service it desired. Financial reality forced KXTX to limit its local news effort to three or four one-minute breaks each weekday.

Faced with bleak financial prospects, KXTX-TV entered into an LMA with KXAS-TV which assisted KXTX in its recovery by negotiating restructured programming agreements and significantly upgrading the station's technical and programming facilities. Specifically, KXTX's studio and office facilities have been completely refurbished and its signal strength increased by 8.6%.

In addition to the efficiencies and public interest benefits set forth below, KXTX has expanded local news with time-shifted rebroadcasts of KXAS's daily news programs and other locally produced news specials. KXTX also has the flexibility to undertake other local program initiatives such as providing continuous prime time coverage of election results during non-presidential election years.

Moreover, the LMA operation has made it possible for both KXTX and KXAS to obtain programming neither could otherwise have obtained. In 1996, KXAS entered into a five-year agreement with the Texas Rangers granting the station all the local telecast rights, broadcast and cable, for the team's major league baseball games. KXTX carried 123 Texas Ranger games in 1996, while KXAS aired another 15--a free broadcast total unmatched in any local television market, except markets such as Chicago and Atlanta where the local broadcast stations are also cable superstations. For the next four years, a minimum of 90 games will be broadcast on free over-the-air television in the Dallas market, 15 games on KXAS and 75 on KXTX, with the 60 or so remaining local games carried on a cable regional sports network.

Without the ability to offer a significant number of high-profile games on the VHF station, KXTX could not have obtained the Rangers' rights. Alternatively, as a large market NBC affiliate with an increasingly limited ability to preempt the network, KXAS could not have obtained any local Rangers' rights without the ability to carry an excess of 100 games on KXTX. Together, the two stations put together a package which bested the competitive bid of a local regional cable sports channel and made it possible to later enter into a cable deal which assures a primary role in local sports rights for free broadcasting for at least the next several years.

As the Rangers' negotiations exemplify, strengthening weak local stations not only increases competition among broadcast stations, it clearly enhances the competitiveness of broadcasting as a medium in its competition against multichannel competitors such as cable and DBS. The presence of 138 Rangers' games on local television undoubtedly reduced the number of viewers who felt the need to subscribe to cable and/or DBS. Indeed, the Dallas-Ft. Worth market has one of the lowest cable penetration rates in the country

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The now fabled O.J. Simpson criminal trial provides an even more dramatic, albeit McLuhanesque, example of the increasingly inter-modal nature of competition in the local television marketplace. In most markets in the country, live coverage of the O.J. trial was limited to cable for the simple reason that there were not enough local television stations without network or syndicated programming commitments to provide outlets. And O.J. viewing was credited with an astounding 45% of cable television's ratings growth.

But in Dallas, the O.J. trial was live over-the-air on KXTX, with local legal commentary, bringing the station some of its highest ratings and, in the process, helping to maintain Dallas, at 50 percent cable penetration, as one of the lowest cable penetrated large markets in the country. And every other broadcast station in the Dallas market benefitted and continues to benefit from KXTX's increasingly powerful programming lineup - for broadcasters lose roughly half the total day viewing for every household which hooks up to cable or DBS.

In addition, in May of 1995 it was illustrated how an LMA can provide continuity to the public when one of the stations has an interruption in service. KXAS's transmission temporarily ceased during a severe hailstorm and weather emergency. Anticipating the interruption, viewers were directed to tune to KXTX for a simulcast of the emergency coverage. Similarly, KXTX's tower collapsed in October 1996 while a work crew was attempting to increase its height. The station resumed service within 48 hours because it could relocate to KXAS's nearby tower.

KDFW-TV, Ch. 4 (Fox)
KDFI -TV, Ch. 27 (Ind)

KDFI-TV operates on Channel 27, while KDFW-TV operates on Channel 4. Both stations are in the Dallas-Fort Worth Designated Market Area, which is the eighth largest LMA. KDFW-TV is affiliated with the Fox Broadcasting Company. KDFW-TV does not broadcast the-programming of Fox Children's Network ("FCN"), which will be broadcast by KDFI as of September 1997. Except for FCN programming, KDFI-TV is not affiliated with any national network.

KDFI was constructed and on the air prior to the TBA; however, the station was in bankruptcy for two years prior to the TBA. Thus, the TBA has maintained on-air an independent station serving the Dallas/Fort Worth market that otherwise would not have been able to remain operational for financial reasons.

Atlanta, GA
DMA Market No. 10

WTLK-TV Ch. 14 (Ind./Pax)
WNGM-TV, Ch. 34 (Ind)

The Time Brokerage Agreement was entered into together with a loan agreement by which Paxson Communications provided the funding for Whitehead Media of Georgia, Inc. to acquire WNGM-TV, (Athens, Georgia.) The combination of the funding and LMA permitted Whitehead Media of Georgia, Inc., a company wholly-owned by an African-American, to acquire this television station.

The TBA has permitted both stations to streamline and economize their operations. Prior to the TBA, the stations had separate facilities and offices. The stations have since collocated the majority of their facilities, making themselves accessible to the residents of each station's community of license. The collocation has also allowed the stations to save on rent, utility and maintenance costs and to upgrade technical equipment in facilities as necessary. Administrative functions also have been combined to a certain extent, resulting in efficiencies in the areas of sales and traffic coordination. The cost savings the stations have realized have translated into enhanced public affairs, news, and entertainment programming.

In summary, under the TBA, these stations have been able to expand their public service efforts and achieve economies of scale that have resulted in a more efficient operation.

Seattle, WA
DMA Market No. 12

KING-TV, Ch. 5 (NBC)
KONG-TV, Ch 16 (Ind)

The LMA has enabled the brokered station, KONG-TV, to emerge as a new voice in the local broadcast market. KONG-TV was constructed while under the LMA and commenced programming at 4:00 a.m. (PST) on Monday, July 7, 1997. The LMA has provided KONG-TV with much needed capital support, produced operational economies and allowed KONG-TV access to KING-TV's experienced management and staff, all of which enabled KONG-TV to begin broadcasting programming on a 24-hour-per-day basis. KONG-TV now airs local and public service programming, including several hours of locally produced daily news programming and locally produced public service announcements. KONG-TV also has plans in place to provide additional children's television programming beginning in the fall of 1997, and hopes to acquire the rights to broadcast local professional or college sporting events.

Cleveland, OH
DMA Market No. 13

WOIO-TV Ch. 19 (CBS)
WUAB-TV Ch 43 (UPN)

Malrite Communications Group, Inc. ("Malrite"), licensee of station WOIO-TV at Shaker Heights, Ohio, has a time brokerage agreement with Cannell Cleveland, L.P. ("Cannell"), licensee of station WUAB-TV at Lorain, Ohio. Both stations operate in the Cleveland, Ohio DMA. WOIO-TV is the broker station under the time brokerage agreement.

The time brokerage agreement has brought a number of significant advantages to the communities of license, the service areas of the two television stations, and to the city of

Cleveland itself. In order to fully understand the benefits that have resulted, some recent history of the market is required.

Malrite has controlled WOIO-TV since 1986. The station had operated as an independent UHF television station in the highly competitive Cleveland-Akron-Canton, Ohio area of dominant influence for approximately one and one half years. WOIO-TV then became a founding affiliate of the Fox Television Network. In May 1994, Fox/Newscorp, by acquiring only a 20% interest in the parent corporation of the licensee of Station WJW-TV, was able to control Channel 8 in Cleveland. At that time, WJW-TV was a CBS affiliate and had carried the CBS network for more than forty years. Through its new ownership, Fox was able to abandon a weaker UHF facility and to associate with a stronger VHF station with far greater market penetration. Although WOIO-TV had a five-year contract in force, Fox took advantage of a one-sided clause in its standard affiliation agreement which granted it the right to terminate the contract if it owned or purchased other stations or companies in the market. Fox thereupon canceled WOIO-TV's affiliation effective September 2, 1994.

The sudden and unexpected move severely damaged WOIO-TV in both ratings and revenues. Left without its Fox affiliation, WOIO-TV was compelled to enter into a new affiliation agreement with the CBS television network. This caused significant viewer confusion. WOIO-TV's prime time ratings plummeted, and this was accompanied by a reduction in local station sales inventory in all time periods. The established brand value developed over the course of eight years of marketing and promoting the "Fox 19" franchise was destroyed with the loss of the Fox affiliation. "CBS 19," trying to compete against stronger VHF stations, had no news and little adult programming. When Fox moved to Channel 8, WUAB-TV, which had already experienced a significant decline in revenues, was placed in an even more difficult position. WUAB-TV's programming had been aimed at young adult viewers. Fox, strengthened by its affiliation with a VHF television facility, began to diminish WUAB-TV's market position even further since WJW-TV now similarly emphasized young adult programming.

Malrite and Cannell foresaw that, although both were disadvantaged UHF television facilities operating in a highly competitive market environment, an appropriate time brokerage agreement implemented with all necessary safeguards to comply with Commission requirements might allow them to move forward as competitive television stations. They negotiated and entered into a time brokerage agreement effective August 18, 1994. The time brokerage payment included a significant amount allocated to the broker's option to extend the initial term of the agreement. Malrite could not have financially extended itself for training and hiring staff, purchasing new equipment, new studio upgrades, and a long-term studio lease if, subsequent to the initial term of the time brokerage agreement, it would have been left with the right to program and to sell advertising for only one station. Although Nielsen data clearly demonstrates that neither station dominates the market, absent the time brokerage agreement it is questionable whether the stations could have survived. Certainly, they could not have continued in a manner that would have enabled them to provide their present levels of news and public affairs offerings.

The WOIO/WUAB experience demonstrates how significantly well constructed LMAs serve the public interest. For one thing, LMAs add jobs to the marketplace. The subject time brokerage agreement has resulted in significant full-time staff gains in news/public affairs (51 additional employees). The largest staff increase has occurred in the full-time news staff, thus revealing the strength of two UHF television stations able to provide greatly enhanced news and public affairs programs. If the efficiencies of LMAs initially reduce some positions, the fact is that the losses are offset by the additional staff in news and local production. There has been a marked increase in full-time employees since the stations entered into the time brokerage agreement.

The Time Brokerage Agreement ("TBA") between Malrite Communications Group, Inc. ("Malrite") and Cannell Cleveland, L.P. ("Cannell") has had a number of additional public interest benefits as detailed below.

The TBA has permitted both stations to streamline and economize their operations. Prior to the TBA, the stations had separate studios and offices. The stations have since collocated their facilities to a new studio in downtown Cleveland, accessible to residents of Cleveland and the residents of each station's community of license. The collocation has allowed the stations to save on rental, utility, and maintenance costs, and to upgrade technical equipment and facilities as necessary. Administrative functions have to some degree been combined, resulting in overall operational efficiencies.

The cost savings both stations have realized have translated into enhanced public affairs, news and entertainment programming including expanded coverage and specials relating to local parades, the opening of the Rock & Roll Hall of Fame, various Cleveland Indians baseball specials, New Years Eve Live from Public Square, specials focusing on children, children's health care needs and spotlights on local artists and musicians. Prior to the TBA, WUAB aired a one hour local newscast each day. WOIO, however, carried no local news programming at that time. Since the stations began operating under the TBA, WUAB has continued to air an hour-long newscast Monday-Sunday and WOIO-TV now airs one and one-half hours of local news during the week and one hour of news on Saturday and Sunday. In addition to their news programs, each station also airs at least one hour of locally produced public affairs programs addressing the needs and concerns of their communities of license and the greater Cleveland area. The stations collaborate on news and public affairs specials, including specials designed to educate children, and work together to promote local community events. In summary, under the TBA, these stations have been able to expand their efforts to serve the public through local news and public affairs, and achieve economies of scale that have resulted in more efficient operations.

An example of the combined production resources of WOIO-TV and WUAB-TV has seen the creation of a children's program entitled *Planet Cleveland.* It features area children on visits to places of local interest, i.e., museums, businesses, parks, etc. The program seeks to educate first, and entertain second, and its success is entirely due to the strength of the combined

WOIO/WUAB production facilities. The series began in May 1996 and has aired monthly without fail since. *Planet Cleveland* is extremely expensive to produce, and realizes no profit. The program could not have succeeded in the absence of the time brokerage agreement between the two UHF television stations.

A second positive aspect of the WOIO/WUAB time brokerage agreement results from the combined resources of the news department, program department and production department to produce a number of successful, local specials. Examples of these specials include: *Freedom Festival* (live 4th of July Fireworks coverage); *1995 Grand Prix* (Same day coverage of the parade); *Rock on Cleveland* (week long special previewing the opening of the Rock & Roll Hall of Fame & Museum in Cleveland): *Rock on Coverage* (Live one hour coverage of the opening of the Rock Hall), *The Fan-Tastic Tribe* (Half hour special highlighting the celebration of Cleveland's first pennant winner in 40 years): *Rally on the Square* (Half hour life coverage of Cleveland's celebration of their World Series appearance), *Fanfare for Cleveland: A Bicentennial* (live coverage of Cleveland's New Years Eve Celebration kicking off its 200th birthday); *Romona's Kids Specials* (half hour prime time program featuring extraordinary stories about Cleveland area children); *Building Blocks for Healthier Kids* (half hour specials focusing on medical issues for kids); Election Coverage; *In your Face With Ronnie Duncan* (half hour special with our sports anchor featuring one-on-one interviews); *Jazzed Up* (half hour local special of Cleveland community college jazz festival.)

Few, if any, of the specials noted above might have been produced absent the WOIO/WUAB time brokerage agreement. A startup news operation is an extremely difficult and expensive investment for any television broadcaster to make. Indeed, in the Cleveland market, no licensee had launched local news of this size and scope until the operations of WOIO-TV and WUAB-TV were combined pursuant to the time brokerage agreement. This allowed Malrite to purchase remote vehicles to cover increased amounts of local, live news and to employ investigative staff reporters. The difference between the newscasts before and after the time brokerage agreement is of great consequence. Prior to the time brokerage agreement, WUAB-TV's once-a-day newscast generally tracked news gathered by other broadcast facilities. That is no longer the case, and the extent of the newscasts now aired on both WOIO-TV and WUAB-TV is substantial. Indeed, given the VHF market competition from national media sources, the quality and breadth of newscasts that are now produced by the two independent UHF facilities are remarkable. This could never have been accomplished in the absence of the economies which are derived from the time brokerage. It is likely that the 10:00 p.m. newscasts aired on WUAB-TV would have ceased production without the relationship. In effect the time brokerage has actually brought a new voice to the market.

The time brokerage agreement has led to other advantages. It has most certainly added to the revitalization of downtown Cleveland. Before the time brokerage agreement was implemented, WUAB-TV and WOIO-TV were headquartered at suburban locations which no longer exist, and each licensee operated with modestly equipped or inadequate facilities. As a result of the time brokerage agreement, the stations were able to relocate, construct new common studios and offices, upgrade their equipment, and to contribute to the growth of a now vibrant downtown area. The high visibility site, which never would have been chosen but for the existence of the time brokerage agreement, is convenient to communities within the market. A store front studio has also been constructed, which looks out on a busy downtown street. It is totally dedicated to producing local public affairs programming.

The ability to bring forward many different "voices" to the viewers in the Cleveland market is attributable to the enhanced competition that derives from the relationship between the two licensees. Furthermore, the operating expense savings that result from the time brokerage agreement have been used to shore up programming as never before. A year prior to the LMA WUAB-TV garnered a few Emmy awards, and WOIO-TV none at all. However, in the years following implementation of the time brokerage agreement, both stations became recipients of a significant number of Annual Regional Emmy Awards.

Malrite commissioned National Economic Research Associates (NERA) to provide information regarding the benefits that result from the common programming operation of these local television stations. The analysis showed manifest consumer benefits arising from efficient combinations. The NERA study was filed in conjunction with Malrite's Reply Comments in MM Docket Nos. 91-221 and 87-7.

WAKC-TV, Ch. 23 (Ind/PAX)
WOAC-TV, Ch. 67 (Ind.)

The Time Brokerage Agreement for WOAC-TV, Canton, Ohio, was entered into together with funding provided by Paxson Communications of Cleveland-67, Inc., which enabled Whitehead Media, a company wholly-owned by an African American, to acquire WOAC. The TBA has been combined with the collocation of the stations in new facilities to create cost efficiencies in each station's operation. Without the TBA and the ability to provide programming over the station, Paxson Communications would not have been willing to provide the funding to allow Whitehead Media, Inc. to acquire the station.

Miami, FL
DMA Market No. 16

WFOR-TV, Ch. 4 (CBS)
WEYS-TV, Ch. 22 (Ind)

While CBS filed a response to the FCC's *Public Notice*, it does not believe that the agreement between the stations should be regarded as an LMA. While both stations are located within the same DMA, there is no signal overlap between the two stations. CBS's parent company, Westinghouse Electric Corporation, is currently a party to a Program License and Sales Representation Agreement with WEYS Television Corp. (WEYS) and Cayo Huesso Television Corporation concerning television station WEYS-TV (Key West, FL.)

According to CBS there is no "brokering" or brokered stations. Under the agreement, CBS provides and licenses to WEYS a 24-hour-per-day program service (subject to the reservation of certain time periods for the presentation of programming supplied by the station's licensee), consisting of the Spanish language news channel, CBS Telenoticias, and local news inserts provided by WFOR-TV, the CBS owned television station in Miami (the latter to be supplied and broadcast at the parties mutual discretion). In addition to up to three hours of time between 7a.m. and 10 a.m. on Saturdays and Sundays, which is reserved for use by the station's licensee, the licensee has the right under the agreement to preempt programming supplied by CBS Telenoticias and WFOR, in order, among other things, to present programming which it reasonably deems to be of greater national, regional or local importance. CBS provides two recent examples of the station preempting programming.

The agreement also provides that CBS Television Sales will act as the sales representative for WEYS with respect to all national advertising time sold within the programming supplied by CBS, and that WFOR will fulfill this role with respect to local advertising time sold in such programming. The revenues from these advertising sales are to be divided between the parties as set forth in the agreement.

Miami & West Palm Beach, FL
DMA Market Nos. 16 & 44

WBSF, Ch. 33 (ABC) (Miami)
WTVX, Ch 34 (UPN) (West Palm Beach)

The stations involved in the local marketing agreement operate in separate DMAs. There are no overlapping city-grade contours. The Grade A and Grade B contours overlap, but only the degree of Grade A overlap is know. The Grade A overlap constitutes 2% of the geographic area of the Grade A contour of WTVX and 2.1% of the geographic area of the Grade A contour of WBFS, and 0.6% of the population located with the Grade A contour of WBFS.

The brokered station, WTVX, was in bankruptcy in 1994. It was purchased at a bankruptcy auction by the current licensee of WTVX, Whitehead Media. Since that purchase, Whitehead Media has operated WTVX pursuant to an LMA with WBSF, a Paxson Communications station which is affiliated with ABC and which is located in the same DMA as WTVX. The LMA between the new licensee of WTVX and Viacom's WBSF, which is located in the separate DMA of Miami-Fort Lauderdale, will result in an out-of-market LMA, that is, one in which the brokering and brokered stations are located in separate markets.

The audience share for WTVX has steadily declined since November 1996. Although WTVX has been affiliated with UPN and, secondarily, with WB, the new licensee will affiliate WTVX with only UPN. In this way, the station can compete as a more viable network affiliate in the West Palm Beach-Fort Pierce market, with a network prime time lineup and high quality non-network programming that is strong enough to keep lead-in audiences for the UPN programming. High quality programming is obtainable for broadcast on WTVX with the aid of a group broadcast television owner, such as Viacom. At the same time, the station will offer local public affairs programming that is relevant to the Fort Pierce community. And given the history of Viacom's active participation in community affairs, WTVX ,and ultimately the public, will benefit from Viacom's group-wide public affairs campaigns, such as "Education is Paramount," "Voting is Paramount," and "Kids are Paramount," as well as PSAs and short segment public affairs programs.

Further, the <u>new</u> licensee of WTVX and Viacom is committed to making WTVX a station serving viewers with uninterrupted service and a higher quality picture. This will be done by upgrading the technical facility of WTVX so that the station will not be forced to go dark due to poor equipment. In sum, this LMA arrangement entered into by stations in two separate and distinct markets and with *de minimis* Grade A overlap will permit WTVX to be a robust competitor and a new voice in the West Palm Beach market.

Phoenix, AZ
DMA Market No. 17

KTVK-TV, Ch. 3 (Ind)
KASW-TV, Ch. 61 (WB)

Media America Corporation (MAC) is a family-owned company, one of the last major market family broadcasters in America. In 1994, after 40 years with ABC, KTVK was stripped of its network affiliation by a "business arrangement" on the part of Capital Cities, ABC and Scripps Howard Broadcasting. Several large corporations, including ABC, offered to buy KTVK. The family owners decided quickly to turn down the offers and invest from their own pockets in the locally based company they had been building for over 40 years.

Rather than scale back and cut jobs, they added new positions in news and locally-produced programming. They invested in creating new services for the Phoenix audience. They replaced the network fed morning shows with their own locally produced programs, giving the Phoenix audience a new, trusted service. They replaced the network evening newscast with another locally produced news and information block.

However, the cost of operating a major market, full service, independent television station with quality local programming is high. The only way that a local company can compete with national networks and communications giants is to seek new markets for its products and look for economies of scale.

Within months after the loss of ABC, MAC met with Mr. Gregory Brooks, the permittee of KASW. With MAC's assistance, Mr. Brooks developed plans to optimize the economies of building a facility, buying programming and promoting a new local television station. The solution was a local marketing agreement that would facilitate prompt construction of the Channel 61 plant and provide a new family-oriented television service to the Phoenix community. As part of the solution, MAC made available its existing transmitter site to Brooks at a major savings in time and expense. Based on results obtained during the first year and a half of operations, the plan appears to be succeeding. If the plan does work, market diversity and competition will have been increased through the participation of two locally owned, non-group stations, and a new children and family oriented program source has been made available to the people of Arizona.

Without KASW-61, Phoenix would not have had an outlet for the Fox Children's programming or the emerging WB network. Now KASW-61 is a source of competition in the market and currently carries over 40 hours per week of Fox Children's programming and programming from the WB, e.g. *Bobby's World* and *Captain Planet*. Additional entertainment programming for KASW-61 includes family oriented programs such as *Little House on the Prairie, Doogie Howser, Happy Days, Family Matters*, and many others.

In addition, local public service programming is produced on children's and family issues. Examples include *Raising Arizona Kids* (an interview program focusing on the issues and concerns of children and raising children in today's world) and *Community Showcase* (focusing on local organizations and services provided to the community). Other award winning public service programming also is carried, such as *Center Street* (a weekly documentary focusing on teenagers' problems and solutions). KTVK also has assisted KASW in the local production of a series of public service announcements designed to meet the needs of children and youth. These PSAs involved the children themselves, both behind and in front of the camera. Finally, as an example of the additional public service provided by the new station, KASW broadcasts, in its entirety, the two day LDS World General Conference in April and October of each year.

Further, the Phoenix market is highly diverse in terms of ownership and is served by 10 television station "voices," (not including Channels 2, 13, 6 and 7 from Flagstaff, Kingman and Prescott). Moreover, it is a vigorous market in which MAC's competitors are a "Who's Who" of multistation and/or multimedia operations. They include Gannett, Meredith, Scripps-Howard, Fox, Paxson and Chris-Craft.

In summary, the KASW LMA has added program diversity where it otherwise would not exist. In addition, KASW provides new advertising opportunities to Arizona business. Finally, the LMA has allowed two family owned broadcasters to provide community oriented programming and services to their hometown.

Pittsburgh, PA
DMA Market No. 19

WPGH-TV, Ch. 53, (Fox)
WPTT -TV, Ch. 22, (UPN)

The local marketing agreement for these stations has been in effect since 1991. At the time of the LMA, WPTT was a marginally profitable station. Today it is back on its feet, and there is only three percent programming duplication between the two stations.

Prior to the LMA, WPTT was a home shopping station. Within a few weeks of entering the LMA, WPTT added general entertainment programming from 3 p.m. to 1 a.m.. General audience programming has been expanded every year to the point where WPTT is now broadcasting 136.5 hours per week of general audience programming, including 24 hours of weekly children's programming.

The local marketing agreement has also permitted both stations to compete for the Major League baseball and NHL hockey games. Because games could be aired on both stations WPGH and WPTT won the rights to broadcast 20 professional hockey and 13 professional baseball games (18 of those games on WPTT and 14 on WPGH). Without the LMA, the stations would not have been able to keep those games on free television. Also, WPGH has been able to secure better flexibility with respect to scheduling, and as a result can take more risks with respect to purchasing top quality programs.

WPTT has involved itself in a number of community activities that may not have been possible except through the benefits of the LMA. It airs six hours of The Children's Miracle Network telethon on a Sunday afternoon in June each year, helping to make a difference in the lives of children. Last year viewers from the Pittsburgh market witnessed live, for the first time ever, the downtown New Year's Eve party. In addition, every February WPTT participates in a family festival produced by WPGH that attracts over 150,000 people, and every summer the stations participate in the Three Rivers Regatta, the largest community celebration of its kind in the region, drawing well over a million people.

WPTT's transmitting and master control facility is being dramatically upgraded by consolidating both stations' operations into a single site. These multimillion dollar technical improvements to both stations that may not have been feasible for a single station and will permit both to convert to digital sooner.

WPGH provides substantial production assistance to WPTT's licensee. The 3.5 hours of public affairs programming aired weekly are now recorded, produced and posted at the WPGH studios.

Sacramento, CA
DMA Market No. 20

KCRA-TV, Ch. 3 (NBC)
KQCA-TV, Ch. 58 (UPN)

KQCA (formerly KSCH-TV) has been on the air since 1986. The company that became the station's licensee in late 1986 encountered financial difficulties which resulted in the licensee's acquisition in 1990 by General Electric Capital Corporation ("GE"). GE's acquisition was part of a restructuring under which GE sought to preserve the assets and operating continuity of KSCH-TV (and other stations under common ownership with KSCH-TV) while seeking new long term ownership. Citing Section 73.658(f) of the Rules, the Commission permitted GE to acquire control of KSCH-TV in 1990 only on the condition that GE would divest itself of its connection with the station within 24 months.

Although GE sought diligently to find a buyer for KSCH, it was unable to do so in the time allotted and accordingly received extensions of the two year divestiture date. Among factors cited by GE as having hindered its efforts to sell the station were "a variety of factors specific to the market, including the number of stations in the market, the ranking of KSCH-TV among those stations, the UHF status of the station, its newness in the market, and its marginal financial performance." Prospective purchasers, GE stated, "did not consider KSCH-TV to be attractive or financially viable as a standalone station." More specifically, GE noted that the Sacramento-Stockton market was then served by four network affiliated stations and five commercial independent stations and that:

> "[O]f the six English-language stations licensed to the Sacramento-Stockton Designated Market Area competing for commercial dollars and included in the Nielsen ratings, KSCH-TV ranks last in the share of household viewers sign-on to sign-off, based on the most recent Nielsen ratings. At the time KSCH-TV was purchased, Kelly had for some time been supplying the station with a half hour daily newscast at 10:00 p.m. under a prior time brokerage arrangement limited to that news program alone."

The LMA has greatly increased the ability of KSCH-TV (now KQCA) to compete in the Sacramento-Stockton television market, with substantial resulting benefits to the public.

With the exception of KCRA-TV, which is one of the few remaining locally owned and operated television stations in large markets in the United States, the other English language television stations with which KQCA must compete are all owned by large broadcast groups. KCRA-TV is itself at a disadvantage in attempting to compete with such large broadcast groups in the program acquisition market, and KQCA would find it wholly impossible to do so as a standalone operation. Under the TBA arrangement, Kelly has been able to acquire a number of desirable syndicated program series for broadcast on KQCA, including programs such as *Frasier, Friends, Cheers,* and *The Simpsons.*

Under the TBA, Kelly now provides KQCA with 8.5 hours of local news programming each week specifically designed for that station, plus five hours of informational programming produced by Kelly's News Department. As a standalone station, KQCA would be unable to provide any such news programming at the level of quality necessary to compete in the market, which would necessarily mean that it would not attempt to provide any news programming at all. Indeed, prior to the present TBA, the only news programming broadcast by the old KSCH-TV was the daily half hour supplied by Kelly.